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NOTES ON OUR TARIFF RELATIONS WITH MEXICO

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It may not be wholly unprofitable from the viewpoint of the practical legislator or of the practical man of affairs to attempt to consider in a special or individual way our tariff relations with Mexico at the present moment. It may also properly be observed in this connection that until we set our own house in order and are able to secure an adequate revision of our own tariff laws we cannot, under existing conditions of uncertainty with respect to such proposed modifications of our revenue system, do more than suggest for discussion certain articles which may be considered as a basis for some sort of reciprocal tariff arrangement between the government of the United States and that of Mexico.

Owing to the proximity of Mexico and to the very considerable commercial transactions between the two countries, and owing to the large number of embarrassing and irritating questions that arise by reason of our large and frequent intercourse with our neighbor, it may be suggested that it would be the part of wisdom for the administration at Washington to make persistent effort first with our own Congress, then with the Mexican government for the purpose of ultimately bringing about an agreement looking to the establishment of a rate of duty on articles imported from Europe which shall not greatly vary in the two countries either as to the amount to be collected on a given article or as to the manner of collection.

If something in the nature of a uniform rate of duty on articles of similar character and value imported from Europe could be agreed upon by Canada, the United States and Mexico, a great forward step in the solution of our tariff problem and difficulties would have been taken and we would be in a position to assert with confidence that we had advanced prodigiously toward the establishment of reciprocal tariff relations with our two neighbors, which relations might easily come to be a prelude to an agreement on the part of the three governments, of the United States, Canada and

Mexico, for the adoption of a system of what would virtually be continental free trade in North America. This is, of course, a dream of the future, but it is a dream that is not impossible of realization and is, therefore, a fit subject for discussion.

There are a number of articles which, it occurs to one, could well be made a subject of a mutually advantageous reciprocal agreement with Mexico, if we had ample legal authority to enable the President to negotiate such an instrument. If the executive had a free hand and was not limited for "trading purposes" to a few articles specified in the Dingley law, much solid good could be accomplished, by way of increasing our opportunities for foreign trade and improving our tariff relations with foreign countries.

In the first place we might, with profit both to Mexico and to the United States, come to a satisfactory understanding respecting the rate of duty to be levied on laces, jewelry and diamonds imported into the respective countries. In this country the duty is high on these articles; in Mexico it is so low as to furnish a perpetual incentive to organized smuggling operations at many points on our frontier. We are compelled to employ a large number of revenue officials and special agents in our attempt to suppress this illegal traffic; and our efforts are by no means always successful. This is a condition which ought not to exist. Mexico needs income from customs duties for revenue purposes just as we do. It is not in the case of the jewelry, laces and diamonds a question of the protection of home industries, but rather of collecting some of the revenue necessary to the support of the government by a tax on luxuries which are not at all essential to the comfort and well being of the greater mass of people. There seems to be no sound or sufficient reason why the two countries could not collect substantially the same duties on articles of luxury imported from Europe. I cite this case merely to illustrate the achievement along this line of work which would be possible if Congress would authorize proper legislation.

There are several articles manufactured in the United States on which Mexico levies high duties which might very well be admitted free, or almost free, of duty, and the admission of which in this way would work no ill to any real industry in Mexico. Mexico might enter into negotiations concerning such articles which would result not in any loss to her revenues, but which, on the other hand, might bring to her some concessions of value from us. The paper

industry is a case in point. Mexico manufactures an insignificant quantity of paper. The protective tariff on papers and articles made from paper is so high as to exclude many of our products in which paper in various forms largely enters. This paper schedule ought to be made the subject of serious discussion between the representatives of the two countries, and extensive modifications ought to be worked out which would be of advantage to manufacturers in the United States and to the consumer in Mexico and to the receipts of that country from customs revenues.

The fuel supply of Mexico is a matter of great concern, yet the Mexican tariff on coal and some other fuels is so high that certain of our fuel products are excluded, notwithstanding the fact that Mexican oil is consumed locally only in very limited measure.

One of the chief and distinctive of our industries is the making of furniture. Mexico imposes, what seems to many of our manufacturers, excessively high duty on American furniture. The consequence is that the American styles of furniture are imitated, and very inferior articles, I am told, are put on the market and sold under the guise of furniture of American manufacture. There seems to be no valid reason, except that our tariff law does not permit it, why the market for American furniture of a better class could not be very greatly augmented by means of a proper tariff bargain between the two countries.

I think it may be stated almost in an authoritative way that the Mexican Government would be glad to make fair and even liberal concessions on certain of the articles the export of which to our neighbor we wish to increase, in return for a modification of our tariff rates on lumber and cattle.

Mexico has a large quantity of lumber which it is desired to send into this country. If there be one widely used necessity which the people of this country are paying a very high price for it is lumber. If Mexico could send her lumber in at a nominal rate of duty the whole population of the United States would be benefited save perhaps the few people who are owners of large forests. I suppose no one will have the courage to suggest that lumber is an infant industry which needs fostering. Mexico offers us lumber and wants it to enter this country free if possible. In return for this suggested concession we may be sure Mexico will give us liberal treatment.

The Mexicans are also interested in cattle raising and selling. They would like to send cattle into this country free of duty. At present Mexican cattle pay a duty of about \$3.75 per head—if this duty could be remitted or abolished the consumer in the United States ought to reap some of the benefit, and as the price of beef seems to be climbing upward rather steadily even this small measure of relief would be welcome to the millions who have butchers' bills to pay.

I make mention of cattle and lumber because of what I know personally of the wishes of the Mexican Government in respect to them leads me to believe that a highly satisfactory reciprocity treaty could be negotiated with Mexico with very slight difficulty, if the tariff law were a favorable one for this purpose.

The following memorandum on the subject of "Tariff on American Pianos in Mexico" has been received from one of the important manufacturers in this country:

"Acting under instructions, received from the president of this company, we beg to state, the tariff on pianos of all kinds into Mexico being 55 cents per kilo, the importer pays on American pianos a duty ranging from \$59 to \$122, United States currency, according to weight, American upright pianos weighing from 215 to 375 kilos net and American grand pianos from 280 to 444 kilos net.

"Mexican importers complain that they are obliged to pay greater duty on American pianos on account of their greater weight. The lower grade of pianos of the European manufacturers especially are of very light construction, and are so constructed to get the benefit of lower freight rates and lower import duty.

"While we are in a position to compete with European makers as far as quality and price is concerned, we cannot reduce the weight of our pianos without possible injury to quality and construction, or not to an extent to equalize, and therefore would welcome a reduction in tariff which would offset the advantage which European makers now have."

I am informed by Mr. Gottschalk, one of our highly efficient consular officers, who has recently been stationed in Mexico, that it is quite probable that concessions could be obtained from the Mexican government if we were authorized to negotiate for them, which would result in making a valuable market in that country

for American irrigation, mining and agricultural machines. Mexico has real need of these articles in carrying out her scheme of material development, just as she will feel increasing need for materials used in the construction of buildings, docks, railways, reservoirs and other public works. The market for automobiles of American manufacture might easily be made more valuable in Mexico if the subject were to be considered by the two governments with a view of making it part of a reciprocity arrangement. There are a number of other articles produced in this country which I could mention and which might properly be included to our advantage and that of Mexico in a reciprocity treaty between the two countries. But I have set forth, I think, a sufficient number of cases to prove that our export trade with Mexico can be very substantially and steadily improved and our national wealth materially increased if Congress would authorize negotiations of proper reciprocity arrangements or give to us a maximum and minimum tariff system which shall provide in a way the basis for legitimate trading in tariff concessions between the United States and all foreign governments.